

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

**UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,**

Plaintiff,

v.

**NORTEL NETWORKS CORPORATION and
NORTEL NETWORKS LIMITED,**

Defendants.

Civil Action No. 07-CV-8851

(ECF CASE)

MOTION TO DISBURSE FUNDS TO PAY TAX OBLIGATIONS

The Securities and Exchange Commission respectfully requests that the Court enter an Order for the Clerk of the Court to disburse funds on deposit with the registry of the Court to pay certain tax obligations of the Distribution Fund in this case.

By order dated October 24, 2007, the Court entered Final Judgment as to Defendants Nortel Networks Corporation and Nortel Networks Limited pursuant to Rule 54(b) of the Federal Rules of Civil Procedure. Pursuant to the Final Judgment, on October 30, 2007, defendant Nortel Networks Corporation paid a total of \$35,000,001 to the Clerk of this Court (the “Distribution Fund”). The Distribution Fund was thereafter deposited in an interest bearing account in the Court Registry Investment System, receipt number 631570, under the case name designation “United State[s] Securities and Exchange Commission v. Nortel Networks Corporation et al.” The Distribution Fund constitutes a Qualified Settlement Fund (“QSF”) under section 468B(g) of the Internal Revenue Code, 26 U.S.C. § 468B(g), and related regulations, 26 C.F.R. §§ 1.468B-1 through 1.468B-5.

By order dated November 28, 2007, the Court entered an order appointing Damasco & Associates LLP (the “Tax Administrator”) to fulfill the tax obligations of the Distribution Fund. Pursuant to that order, the Tax Administrator is required to pay taxes in a manner consistent with treatment of the Distribution Fund as a QSF, and is to be compensated for the tax services provided.

For the first calendar quarter of 2008, the Tax Administrator has determined that the Distribution Fund should make a federal income tax payment in the amount of \$80,000 for its quarterly income tax payment due April 15, 2008. See Declaration of Jude P. Damasco in Support of Request to Make Tax Payment, dated March 24, 2008 (the “Declaration”), attached as Exhibit A.

WHEREFORE, for all the foregoing reasons, the Commission respectfully requests that the Court enter the attached proposed Order and grant such other relief as it deems just and proper.

Dated: March 27, 2008

Respectfully submitted,

/s/ **Vincente L. Martinez**

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